BENCHMARKING IS A PROCESS IMPROVEMENT TOOL THAT CAN BE used to compare one’s organization to competitive peers. It is used to analyze processes within entire facilities or just specific departments. Benchmarking can also help to compare different departments within the same facility or one department’s current performance against its past performance.

Organizations being compared may or may not be within the healthcare industry, depending on the process being evaluated. For example, some exemplary inventory management practices may be universal, but specific instrument processing practices can only be studied in similar healthcare facilities.

When areas for improvement are identified, managers can investigate why processes in one organization may be better than those in their own facility, and they can then plan and implement improvement strategies. Over time, successful benchmarking can yield steady improvement in the areas being measured; however, a manager’s job is never completed. Even a facility that attains the best practice level may still be able to improve.

**OBJECTIVE 1: REVIEW REASONS FOR AND BENEFITS OF BENCHMARKING**

Healthcare facilities undertake benchmarking for several reasons. For example, comparing one’s facility to others (usually best practice organizations) enables managers to learn how their operations’ processes compare to best practices. Note: a “best practice” is a method or process that consistently leads to superior results when compared to outcomes achieved by other means. If a process is found to be inferior to its best practice counterpart, the benchmarking facility has an incentive to improve its practice in efforts to equal or exceed that best practice.

Benchmarking helps facilities improve their performance in many ways. For example, employees can learn new ideas and ways of doing things, and costs for resources – including labor, production supplies and utilities – may be lowered. Benchmarking allows managers to improve the quality of their facility’s products and services. Managers can gain independent perspectives about how the facility is performing compared to similar
facilities. This can enable them to identify and prioritize improvement opportunities. A team approach can be used, and this might minimize resistance to change since the goals and implementation plans are developed by members’ consensus. An involved team will also exhibit a spirit of enthusiasm and competitiveness that can result in a focus on doing better than the competition or best practice facility.

Benchmarking helps managers focus on change that can force people out of their comfort zones and allow them to consider alternative ways of performing their jobs. This, in turn, will better ensure quality products and services and reduce costs, without compromising the standards of patient care.

Benchmarking can help promote improvement because one objectively studies the processes in current use. When differences are found, they can be analyzed to determine whether and what steps can be taken to implement revised procedures or maintain or improve upon existing methods. Improvement goals and plans can then be set and, once a goal is attained, it might be possible to reset it and improve still further.

Benchmarking helps ensure that a facility is constantly looking for ways to improve, and the process opens minds to new ideas that might not have otherwise been considered.

**OBJECTIVE 2: IDENTIFY CRITICAL STEPS THAT ARE INTEGRAL TO A SUCCESSFUL BENCHMARKING PROGRAM**

Several steps are generally used for benchmarking. To help illustrate, a “mini-case” example is provided as each step is discussed.

**STEP 1: DETERMINE SCOPE OF BENCHMARKING PROJECT**

It is necessary to identify the specific areas the facility wants to benchmark. A Central Service (CS) manager may only want to analyze procedures for processing loaner instrumentation. Another manager may want to study numerous processes including those to increase productivity, consistently attain quality standards, and improve training, productivity, and staffing procedures.

**MINI-CASE EXAMPLE:** Hospital A incurs charges for what its managers believe are an excessive number of missing components in loaner trays when the trays are returned to the vendors. Hospital B seldom, if ever, receives a similar charge for missing instruments when its loaner trays are returned to the vendors. Hospital A managers decide to benchmark their facility against Hospital B to determine if they can also eliminate excessive loaner tray component charges.

**STEP 2: IDENTIFY KEY VARIABLES AND DETERMINE DATA COLLECTION METHODS**

This involves identifying the key factors and variables to be compared and deciding how they should be measured. The metrics (measurement parameters) must be clear and specific to ensure the data collected are comparable. The most appropriate vehicle(s) for data collection must be determined. Examples include forms used for manual data collection and available reports generated from financial, productivity, and/or quality records. It might be possible to streamline data collection and ensure data comparability with use of a benchmarking program. Managers should also decide whether benchmarking efforts will be undertaken manually or with applicable software. Note: some benchmarking activities require a large database, and many comparisons may not be possible if manual benchmarking tactics will be used.

**MINI-CASE EXAMPLE:** Hospital A incurs an average charge of $10 per loaner tray for missing components. Hospital B has an average loaner tray charge of less than $1 for missing components. Hospital A managers decide to study the following practices at Hospital B to determine if there are differences that may contribute to excessive loaner tray charges: ordering (purchasing), receiving, internal transporting, processing, and return processes.

**STEP 3: DATA COLLECTION AND ANALYSIS**

Differences between the manager’s facility and the facility (or facilities) being benchmarked must be considered as benchmark facilities are selected and as data is analyzed. Healthcare facilities may be located in rural, suburban, or urban areas, may be acute care, community, or specialty hospital, and may offer different specialty services. Each of these and other differences can impact how specific processes are performed. For example, expecting a community hospital performing 3,000 surgical procedures annually to perform at the same level as a major teaching facility performing 20,000 surgical procedures each year is probably not realistic.

Data must be compiled in a way that allows managers to analyze comparable information, and selecting similar facilities helps to generate more meaningful and useful results. Also, data may need to be adjusted for better comparison. For example, if productivity is measured in trays processed per hour with no adjustment for tray complexity it will not be possible to compare facilities. Facility A may process eight basic minor-type trays per hour and Facility B may process only three trays per hour, but each is a complex orthopedic tray. A direct comparison between both facilities will suggest Facility A has higher productivity, but this conclusion will be misleading.

**MINI-CASE EXAMPLE:** Managers from Hospital A carefully study each process identified in Step 2 that is used by Hospital B. They then compare the steps in each process used in their own facility with those used by Hospital B. They determine that the receiving and return practices for loaner trays used at their facility vary significantly from those used by Hospital B.
STEP 4: REPORTING

Benchmarking data must be clearly and concisely reported to determine differences between organizations. A facility may rank at the lower, middle, or top of a ranking scale. Benchmarking projects may end when this assessment is made; however, to be most useful, the project should progress further to develop an understanding of the processes and a culture that enable best practice facilities to attain superior performance levels.

MINI-CASE EXAMPLE: Hospital A managers provide details of each step of the loaner tray receiving and return practices of both facilities, and specifically indicate where process changes for their facility may be helpful.

STEP 5: PLAN AND IMPLEMENT IMPROVEMENT ACTIONS

It will be helpful to visit or at least talk with a representative of the best practice facility to learn details about the processes being studied. Then, with modification, as necessary, revised procedures might be implemented at the facility conducting the benchmarking activity. If this is not possible, a planning/brainstorming session may yield useful results.

Implementation of the plan should include written details including specific targets and deadlines for each improvement step. Written procedures may be required, and all applicable personnel must be trained. Documentation that employees are competent to perform the new procedures is also important.

Monitoring is an integral part of implementation activities because employees must learn new work tasks that will be incorporated into standard operating procedures. Without monitoring, implementation may fail and expected improvements will not be realized. If problems develop during implementation, they must be identified so adjustments to the implementation plan can be made.

MINI-CASE EXAMPLE: Hospital A managers review their facility’s loaner tray receipt and return practices to better mirror those used by Facility B. For example, Hospital A personnel will now check all instrument components individually when they are received. Also, when loaner trays are returned, a second verification procedure will be performed to ensure that all components are returned to the vendor.

STEP 6: COMPARE IMPROVED PROCESS TO BEST PRACTICE

After improvement plans have been successfully implemented, the benchmarking project should be repeated to assess how the facility now compares to best practices. Remember that benchmarking is a moving target and ongoing internal and external reviews of processes and progress are needed. Note: even best practice facilities continue comparisons with appropriate organizations to ensure they do not lose their leadership positions.

MINI-CASE EXAMPLE: Six months after implementing the changes, Hospital A managers review the process to determine if the changes have resulted in reduction in loaner tray charges for missing components.

OBJECTIVE 3: REVIEW PROCEDURES TO IMPLEMENT BEST PRACTICES.

Some basic principles to implement best practices were introduced in Step 5 above; however, it is important to emphasize that realistic expectations must be developed.

A best practice at one facility may not achieve the same results at another facility. The best practice should be observed, if possible. Focus should be on identifying core functions of the best practice while, at the same time, allowing the flexibility that will be needed to meet the specific situation within the local facility. In addition potential vulnerabilities of the best practice should be considered.

For example, poor general management capacity might make it difficult to achieve the same results as the best practice. Consider that many hospitals strive to achieve “Magnet” status in the nursing department. One of the requirements of this designation is self-governance; however, self-governance cannot be accomplished without preparing the staff. Attempting to implement self-governance without appropriate preparation will likely result in failure of the program.

Another step in implementing an appropriate best practice is to ensure that the environment at the best practice facility is similar to the environment at the facility where the practice is to be implemented. If, for example, certain resources needed to implement a best practice are not available, it might not be possible to implement that best practice exactly as it is practiced at another facility. Instead, the best practice may need to be adapted for implementation at a particular facility.

OBJECTIVE 4: DESCRIBE BENCHMARKING CHALLENGES

While benefits are significant, some challenges should be considered before beginning a benchmarking project. For example, benchmarking is frequently used to improve productivity and reduce labor expense, and these can be great goals; however, a facility can lower labor expense by reducing staff in lower paid positions, but this tactic can actually cause the cost of labor per adjusted patient day to increase.

For example, facilities must have the right kind of staff at the right time. Sometimes reductions in force (RIF) result in higher-paid staff performing the duties of lower paid staff that are no longer available. This may occur when an RN transcribes physicians’ orders because a unit secretary is no longer available. Unanticipated results could include increased employee dissatisfaction, poor performance in areas without staff proficiency, and inadequate patient care.
There is also a possibility that staff in a best practice facility will become complacent or even arrogant. Attention is needed to ensure that staff members continue to identify ways to improve outcomes. This emphasis must become an integral part of the facility’s culture. Remember that benchmarking is not a standalone tool; it must be accompanied by an improvement plan.

Effective benchmarking requires analysis of the entire process to determine causes for differences between facilities or departments within them. For example, one common CS benchmark is surgery minutes: the number of CS technician hours per minute of surgery performed. Initially, this may seem like a good measure because it directly relates to surgical volume which creates most work for the department; however, two facilities may have a similar number of surgical procedures and surgery minutes, but require a different number of technician hours to process the instrumentation.

Without more information, it seems the facility using fewer employee hours per surgery minute is more efficient, but this may be misleading. For example, one facility may receive an average of 50 loaner instrument sets per day while the other facility only processes five loaner instrument sets daily. Since loaners are processed before and after use, the first facility is processing more instrument trays and will need more employee hours to do so. This emphasizes an earlier point: benchmarking data should be reviewed before comparisons are made to ensure comparisons are reasonable.

**IN CONCLUSION**

Benchmarking can be a valuable tool when correctly used. It can encourage employees and help them discover better ways to perform work tasks. When consistently used, the facility’s culture becomes one of constantly striving to improve patient outcomes and the quality of care provided. Improvements in patient, employee and physician satisfaction can be a most important result of its ongoing use.

**ADDITIONAL READING**


OBJECTIVE 1
1. Benchmarking can be used as a tool to:
   a. Identify needed process improvements
   b. Defend equipment purchases
   c. Explain budget variances
   d. Improve employee attitudes

2. Benchmarking helps ensure a facility is:
   a. Managing its budget effectively
   b. Complying with regulations
   c. Maintaining employee competence
   d. Constantly trying to improve

3. Benchmarking can help a manager:
   a. Improve employee morale
   b. Identify specific areas for improvement
   c. Attain budget goals
   d. Minimize employee turnover

4. A team approach to benchmarking helps minimize resistance to change by:
   a. Reducing the need for decision-making
   b. Punishing team members if they do not focus on change
   c. Providing a focus on quality
   d. Developing a focus on quality

5. The first step when beginning a benchmarking project is to:
   a. Identify the data to be collected
   b. Determine how data is to be collected
   c. Determine the scope of the project
   d. Identify benchmarking partners

6. Data collection involves identifying:
   a. Benchmarking partners
   b. Key factors and variables to be compared
   c. Reasons for differences in facility procedures
   d. Specific project goals

7. Applicable benchmarking software can provide:
   a. Stream-lined project goal definitions
   b. Facility marketing data
   c. A large database for comparison
   d. Performance improvement plans

8. Before comparisons can be made it may be necessary to_____ specific data.
   a. Codify
   b. Adjust
   c. Manipulate
   d. Eliminate

9. If data between two facilities is not comparable, a direct comparison between the facilities might lead to_____ results.
   a. Misleading
   b. Defensible
   c. Untimely
   d. Vague

10. Implementation of improvement actions will require:
    a. Permission from the facility being benchmarked
    b. The least expensive method to produce results
    c. Designation as a best practice facility
    d. Understanding the processes and a culture enabling best practices

11. Monitoring is an integral part of implementing improvement actions derived from a benchmarking program.
    a. True
    b. False

12. After benchmarking results are implemented, the improvements put in place will not require on-going internal and external process and progress reviews.
    a. True
    b. False

OBJECTIVE 2

5. The first step when beginning a benchmarking project is to:
   a. Identify the data to be collected
   b. Determine how data is to be collected
   c. Determine the scope of the project
   d. Identify benchmarking partners

6. Data collection involves identifying:
   a. Benchmarking partners
   b. Key factors and variables to be compared
   c. Reasons for differences in facility procedures
   d. Specific project goals

7. Applicable benchmarking software can provide:
   a. Stream-lined project goal definitions
   b. Facility marketing data
   c. A large database for comparison
   d. Performance improvement plans

8. Before comparisons can be made it may be necessary to_____ specific data.
   a. Codify
   b. Adjust
   c. Manipulate
   d. Eliminate

9. If data between two facilities is not comparable, a direct comparison between the facilities might lead to_____ results.
   a. Misleading
   b. Defensible
   c. Untimely
   d. Vague

10. Implementation of improvement actions will require:
    a. Permission from the facility being benchmarked
    b. The least expensive method to produce results
    c. Designation as a best practice facility
    d. Understanding the processes and a culture enabling best practices

11. Monitoring is an integral part of implementing improvement actions derived from a benchmarking program.
    a. True
    b. False

12. After benchmarking results are implemented, the improvements put in place will not require on-going internal and external process and progress reviews.
    a. True
    b. False

OBJECTIVE 3

13. Which is true?
    a. A best practice used at one facility will be a best practice at another facility.
    b. Best practice processes cannot be improved.
    c. A good way to analyze best practices is by evaluation of written procedures.
    d. None of the above statements is correct.

14. A best practice may need to be adapted for implementation at another facility.
    a. True
    b. False

15. When implementing a best practice, the focus should be on:
    a. Determining cost minimization processes.
    b. Defending why present practices should be retained.
    c. Identifying the core functions of the best practice.
    d. None of the above statements is correct.

16. If specific resources are not available to implement a best practice:
    a. The best practice may need to be adapted.
    b. The best practice cannot be used.
    c. Another facility should be used for benchmarking.
    d. Lower-cost best practices should be identified.

OBJECTIVE 4

17. Best practice facilities must guard against employees becoming:
    a. Disillusioned
    b. Arrogant
    c. Complacent
    d. Motivated

18. Having higher paid staff perform the duties of lower-paid staff eliminated because of a benchmarking project might result in:
    a. Increased employee dissatisfaction
    b. Improved employee morale
    c. Reduction in labor costs
    d. Promotions for lower-paid staff

19. An effective benchmarking program can encourage employees to:
    a. Standardize procedures
    b. Look for better ways to perform the job
    c. Work harder to meet goals
    d. Find innovative ways to cut corners

20. The best benchmarking projects are those which reduce labor costs to the greatest extent possible.
    a. True
    b. False